

## Part 4 **AUDITED FINANCIAL STATEMENTS**

and notes forming part of the financial statements for the year ended 30 June 2005

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*Watch from the Karl Esling collection  
Dragi Markovic*



## INDEPENDENT AUDIT REPORT

To the Minister for Communications, Information Technology and the Arts

### Scope

#### *The financial statements and directors' responsibility*

The financial statements comprise:

- Statement by Council Members;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Commitments, Contingencies; and
- Notes to and forming part of the Financial Statements

for the National Museum of Australia for the year ended 30 June 2005.

The members of the Council are responsible for preparing the financial statements that give a true and fair view of the financial position and performance of the National Museum of Australia, and that comply with accounting standards, other mandatory financial reporting requirements in Australia, and the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*. The members of the Council are also responsible for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

#### *Audit approach*

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

I have performed procedures to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including accounting standards and

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other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the National Museum of Australia's financial position, and of its performance as represented by the statements of financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Council.

#### ***Independence***

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the ethical requirements of the Australian accounting profession.

#### **Audit Opinion**

In my opinion, the financial statements of the National Museum of Australia:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*; and
- (b) give a true and fair view of the National Museum of Australia's financial position as at 30 June 2005 and of its performance and cash flows for the year then ended, in accordance with:
  - (i) the matters required by the Finance Minister's Orders; and
  - (ii) applicable accounting standards and other mandatory financial reporting requirements in Australia.

Australian National Audit Office



Richard Rundle  
Executive Director

Delegate of the Auditor-General  
Canberra

19 July 2005

National Museum of Australia

**Statement by Council Members**

In the Council's opinion, the attached financial statements for the year ended 30 June 2005 have been prepared based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*.

In Council's opinion, at the date of this statement, there are reasonable grounds to believe that the National Museum of Australia will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of Council members.



Tony Staley  
Chairman of Council

19 July 2005



Marian Gibney  
Council Member

19 July 2005



Craddock Morton  
Director

19 July 2005

NATIONAL MUSEUM OF AUSTRALIA  
STATEMENT OF FINANCIAL PERFORMANCE  
For the year ended 30 June 2005

	Notes	2005 \$'000	2004 \$'000
<b>REVENUE</b>			
<i>Revenues from ordinary activities</i>			
Revenues from Government	5A	40,132	40,320
Goods and Services	5B	2,155	2,948
Interest	5C	2,108	1,835
Contributions	5D	249	84
Other Revenues	5E	527	622
Revenue from sale of assets	6F	5	10
<i>Revenues from ordinary activities</i>		<u>45,176</u>	<u>45,819</u>
<b>EXPENSE</b>			
<i>Expenses from ordinary activities (excluding borrowing costs expense)</i>			
Employees	6A	15,190	14,306
Suppliers	6B	18,453	22,447
Grants	6C	109	116
Depreciation and amortisation	6D	7,017	7,837
Write-down and impairment of assets	6E	285	313
Value of assets sold	6F	76	15
<i>Expenses from ordinary activities (excluding borrowing costs expense)</i>		<u>41,130</u>	<u>45,034</u>
<i>Borrowing costs expense</i>	7	<u>(14)</u>	<u>(20)</u>
<i>Operating surplus from ordinary activities</i>		<u>4,032</u>	<u>765</u>
<i>Net surplus</i>		<u>4,032</u>	<u>765</u>
Net credit to asset revaluation reserve	13	<u>18,814</u>	-
<i>Total revenues, expenses and valuation adjustments recognised directly in equity</i>		<u>18,814</u>	-
<i>Total changes in equity other than those resulting from transactions with the Australian Government as owner</i>		<u>22,846</u>	<u>765</u>

The above statement should be read in conjunction with the accompanying notes.

NATIONAL MUSEUM OF AUSTRALIA  
STATEMENT OF FINANCIAL POSITION  
as at 30 June 2005

	Notes	2005 \$'000	2004 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash	14B,20	787	3,270
Receivables	8A,20	1,474	883
Investments	8B,20	35,972	26,734
<b>Total financial assets</b>		<b>38,233</b>	<b>30,887</b>
<b>Non-financial assets</b>			
Land and Buildings	9A,D	80,888	67,078
Infrastructure, plant and equipment	9B,D	40,463	39,283
Collections	9C,D	133,662	132,206
Intangibles	9E	2,342	2,823
Inventories	9F	481	534
Other non-financial assets	9G	1,957	1,811
<b>Total non-financial assets</b>		<b>259,793</b>	<b>243,735</b>
<b>Total assets</b>		<b>298,026</b>	<b>274,622</b>
<b>LIABILITIES</b>			
<b>Interest bearing liabilities</b>			
Loans	10A,20	-	460
<b>Total interest bearing liabilities</b>		<b>-</b>	<b>460</b>
<b>Provisions</b>			
Employees	11A	3,374	3,236
<b>Total provisions</b>		<b>3,374</b>	<b>3,236</b>
<b>Payables</b>			
Suppliers	12A,20	282	326
Other payables	12B	3	79
<b>Total payables</b>		<b>285</b>	<b>405</b>
<b>Total liabilities</b>		<b>3,659</b>	<b>4,101</b>
<b>NET ASSETS</b>		<b>294,367</b>	<b>270,521</b>
<b>EQUITY</b>			
<b>Parent entity interest</b>			
Contributed equity	13	3,021	2,021
Reserves	13	27,318	8,504
Accumulated surpluses	13	264,028	259,996
<b>Total parent entity interest</b>		<b>294,367</b>	<b>270,521</b>
<b>Total equity</b>		<b>294,367</b>	<b>270,521</b>
<b>Current assets</b>		<b>39,701</b>	<b>33,232</b>
<b>Non-current assets</b>		<b>258,325</b>	<b>241,390</b>
<b>Current liabilities</b>		<b>1,665</b>	<b>2,516</b>
<b>Non-current liabilities</b>		<b>1,994</b>	<b>1,585</b>

The above statement should be read in conjunction with the accompanying notes.

**NATIONAL MUSEUM OF AUSTRALIA**  
**STATEMENT OF CASH FLOWS**  
*for the year ended 30 June 2005*

	Notes	2005 \$'000	2004 \$'000
<b>Operating Activities</b>			
<i>Cash received</i>			
Goods and Services		2,419	3,264
Appropriations		40,132	40,320
Interest		675	301
GST received from ATO		1,660	2,377
Other		776	644
<b>Total cash received</b>		<b>45,662</b>	<b>46,906</b>
<i>Cash used</i>			
Employees		(15,052)	(14,118)
Suppliers		(21,162)	(26,197)
Grants		(173)	(100)
Borrowing costs		(14)	(20)
<b>Total cash used</b>		<b>(36,401)</b>	<b>(40,435)</b>
<b>Net cash from operating activities</b>	<b>14A</b>	<b>9,261</b>	<b>6,471</b>
<b>Investing Activities</b>			
<i>Cash received</i>			
Proceeds from investments		18,677	20,844
Proceeds from sale of property, plant and equipment		5	10
<b>Total cash received</b>		<b>18,682</b>	<b>20,854</b>
<i>Cash used</i>			
Purchases of infrastructure, plant and equipment		(1,753)	(2,552)
Purchases of intangibles		(394)	(141)
Purchase of Investments		(26,889)	(23,353)
Purchases of Collections items		(1,930)	(565)
<b>Total cash used</b>		<b>(30,966)</b>	<b>(26,611)</b>
<b>Net cash from/(used by) investing activities</b>		<b>(12,284)</b>	<b>(5,757)</b>
<b>Financing Activities</b>			
<i>Cash received</i>			
Appropriations - Contributed equity		1,000	50
<b>Total cash received</b>		<b>1,000</b>	<b>50</b>
<i>Cash used</i>			
Repayments of debt		(460)	(220)
<b>Total cash used</b>		<b>(460)</b>	<b>(220)</b>
<b>Net cash from/(used by) financing activities</b>		<b>540</b>	<b>(170)</b>
<b>Net increase/(decrease) in cash held</b>			
Cash at the beginning of the reporting period		3,270	2,726
<b>Cash at the end of the reporting period</b>	<b>14B</b>	<b>787</b>	<b>3,270</b>

The above statement should be read in conjunction with the accompanying notes.

NATIONAL MUSEUM OF AUSTRALIA  
SCHEDULE OF COMMITMENTS  
as at 30 June 2005

	2005 \$'000	2004 \$'000
<b>By Type</b>		
<i>Capital commitments</i>		
Infrastructure, plant and equipment <sup>1</sup>	45	-
Land and buildings <sup>2</sup>	755	246
Intangibles <sup>1</sup>	267	25
<b>Total capital commitments</b>	<b>1,067</b>	<b>271</b>
<i>Other commitments</i>		
Operating leases <sup>3</sup>	6,123	7,234
Other commitments <sup>4</sup>	4,008	3,832
<b>Total other commitments</b>	<b>10,131</b>	<b>11,066</b>
<b>Commitments receivable</b>	<b>(1,176)</b>	<b>(1,593)</b>
<b>Net commitments by type</b>	<b>10,022</b>	<b>9,744</b>
<b>By Maturity</b>		
<i>Capital commitments</i>		
One year or less	1,067	271
From one to five years	-	-
Over five years	-	-
<b>Total capital commitments</b>	<b>1,067</b>	<b>271</b>
<i>Operating lease commitments</i>		
One year or less	1,420	1,379
From one to five years	4,218	4,959
Over five years	485	896
<b>Total operating lease commitments</b>	<b>6,123</b>	<b>7,234</b>
<i>Other commitments</i>		
One year or less	2,482	2,529
From one to five years	1,526	1,303
Over five years	-	-
<b>Total other commitments</b>	<b>4,008</b>	<b>3,832</b>
<b>Commitments receivable</b>	<b>(1,176)</b>	<b>(1,593)</b>
<b>Net commitments by maturity</b>	<b>10,022</b>	<b>9,744</b>

NB: Commitments are GST inclusive where relevant.

<sup>1</sup> Plant and equipment and intangibles commitments relate to computer hardware and software development and exhibition work.

<sup>2</sup> Building commitments relate to improvements being carried out on owned and leased properties

<sup>3</sup> Operating leases included are effectively non-cancellable and comprise:

<i>Nature of lease</i>	<i>General description of leasing arrangement</i>
Leases for office accommodation (multiple sites)	Lease payments are subject to annual increase in accordance with movements in the Consumer Price Index. The initial periods of office accommodation leases are still current and each may be renewed for up to five years at the Museum's option.
Motor vehicle leases	No contingent rentals exist. There are no purchase options available to the Museum.
Lease in relation to computer equipment	The lessor provides all computer equipment and software designated as necessary in the supply contract for three years.

<sup>4</sup> As at 30 June 2005, other commitments comprise accounts payable for goods or services in respect of which the recipient is yet to perform the services required.

The above schedule should be read in conjunction with the accompanying notes.



**NATIONAL MUSEUM OF AUSTRALIA**  
**SCHEDULE OF CONTINGENCIES**  
*as at 30 June 2005*

	Notes	2005 \$'000	2004 \$'000
<b>Contingent liabilities</b>			
Claims for damages/costs		-	-
Indemnities		-	-
<b><i>Total contingent liabilities</i></b>		<u>-</u>	<u>-</u>
<b><i>Net contingent liabilities</i></b>		<u>-</u>	<u>-</u>

***Unquantifiable Contingencies***

At 30 June 2005, the Museum was involved in three legal claims - two relating to workplace injuries purported to have occurred to contractors' employees and one to a Museum visitor. The Museum has denied liability and is defending the claims. Any successful claims are likely to be met by the Museum's insurer, Comcover.

**NATIONAL MUSEUM OF AUSTRALIA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the year ended 30 June 2005*

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**Note 1: Summary of Significant Accounting Policies**

**1.1 Basis of Accounting**

The financial statements are required by clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997* and are a general purpose financial report.

The statements have been prepared in accordance with:

- Finance Minister's Orders (being the *Commonwealth Authorities and Companies Orders (Financial Statements for reporting periods ending on or after 30 June 2005)*);
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Boards; and
- Consensus Views of the Urgent Issues Group.

The Statements of Financial Performance and Financial Position have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position of the Museum.

Assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets and liabilities can be reliably measured. Assets and liabilities under agreements equally proportionately unperformed are however not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments.

Revenues and expenses are recognised in the Statement of Financial Performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

**1.2 Changes in Accounting Policy**

The accounting policies used in the preparation of these financial statements are consistent with those used in 2003-04.

**1.3 Revenue**

The revenues described in this Note are revenues relating to the core operating activities of the Museum.

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the relevant asset.

Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

Revenue from the rendering of a service is recognised by reference to the stage of completion of the contract to provide the service. The stage of completion is determined according to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collectability of the debt is judged to be less rather than more likely.

*Revenues from Government - Output Appropriations*

The full amount of the appropriation for departmental outputs for the year is recognised as revenue.

*Resources Received Free of Charge*

Services received free of charge are recognised as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as revenue at their fair value when the asset qualifies for recognition.

#### 1.4 Transactions by the Government as Owner

##### *Equity Injections*

Amounts appropriated by the Parliament as equity injections are recognised as 'contributed equity' in accordance with the Finance Ministers Orders.

#### 1.5 Employee Benefits

##### *Benefits*

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for wages and salaries (including non-monetary benefits) and annual leave are measured at their nominal amounts. Other employee benefits expected to be settled within 12 months of the reporting date are also measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

##### *Leave*

The liability for employee entitlements includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Museum is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration, including the Museum's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 2005. The estimate of the present value of the liability takes into account attrition rates, pay increases and inflation.

##### *Superannuation*

Employees of the Museum are members of the Commonwealth Superannuation Scheme or the Public Sector Superannuation Scheme. The liability for their superannuation benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course.

The Museum makes employer contributions to the Australian Government at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of the Museum's employees.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

#### 1.6 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets. In operating leases, the lessor effectively retains substantially all such risks and benefits.

The Museum has no finance leases.

Operating lease payments are expensed on a basis which is representative of the pattern of benefits derived from the leased assets.

**1.7 Borrowing Costs**

All borrowing costs are expensed as incurred except to the extent that they are directly attributable to qualifying assets, in which case they are capitalised. The amount capitalised in a reporting period does not exceed the amounts of costs incurred in that period.

**1.8 Grants**

Most grant agreements require the grantee to perform services, provide facilities, or to meet eligibility criteria. In these cases, the Museum recognises grant liabilities only to the extent that the services required have been performed or the eligibility criteria have been satisfied by the grantee.

In cases where grant agreements are made without conditions to be monitored, liabilities are recognised on signing the agreement.

**1.9 Cash**

Cash means notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount. Interest is credited to revenue as it accrues.

**1.10 Other Financial Assets**

Term deposits are recognised at cost. Interest is credited to revenue as it accrues.

**1.11 Other Financial Liabilities**

Non-bank loans are carried at the balance not yet repaid. Interest is expensed as it accrues.

Trade creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Interest payable is accrued over time.

**1.12 Acquisition of Assets**

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of a restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor entity's accounts immediately prior to the restructuring.

Assets donated to the Collections as part of the Cultural Gifts Program are recognised as assets and revenues when the Museum takes control of the assets and they can be reliably measured.

**1.13 Property (Land, Buildings and Infrastructure), Plant and Equipment**

*Collections*

Assets within the Collections consist of objects received and under assessment for inclusion in the National Historical Collection, objects approved and included in the National Historical Collection and library items.

*Asset Recognition Threshold*

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Purchases of the Collections are recorded at cost. Items donated to the Collections under the cultural Gifts Program are valued by an independent valuer. Other donated items are valued by professional staff with reference to relevant market information.

*Revaluations*

*Basis*

Land, building, infrastructure, plant and equipment and the Collections are carried at valuation, being revalued with sufficient frequency such that the carrying amount of each asset class is not materially different, as at reporting date from its fair value.

Fair value for each class of assets is determined as shown below.

<i>Asset class</i>	<i>Fair value measured at:</i>
Land	Market selling price
Buildings	Market selling price
Leasehold improvements	Depreciated replacement cost
Plant and equipment	Market selling price
Collections	Market selling price

Assets that are surplus to requirements are measured at their net realisable value. At 30 June 2005 the Museum held no surplus assets (30 June 2004: \$0).

*Frequency*

Freehold land, buildings on freehold land and leasehold improvements are each revalued every three years. In between formal valuations, land and buildings are revalued using an appropriate index reflecting movements in the value of similar assets.

The Collections assets are maintained at fair value.

The Finance Minister's Orders require that all property, plant and equipment assets be measured at up-to-date fair values.

*Conduct*

All valuations are conducted by an independent qualified valuer except for items donated to the Museum and not included in the current valuation cycle.

*Depreciation*

Depreciable property, plant and equipment assets are written off to their estimated residual values over their estimated useful lives to the Museum using, in all cases, the straight line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation rates (useful lives) and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued. A major review of Collections useful lives was undertaken as at 1 July 2003 which resulted in all Collections items being assigned a useful life, with the majority having their useful life extended from 75 years to 200 and 300 years (maximum 5000 years).

**NATIONAL MUSEUM OF AUSTRALIA**  
**Notes To and Forming Part of the Financial Statements**

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Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2005	2004
Buildings on freehold land	100 years	100 years
Leasehold improvements	Lease term	Lease term
Plant and equipment	4-100 years	4-100 years
Collections	50 to 5000 years	50 to 5000 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 6D.

**1.14 Impairment of Non-Current Assets**

Non-current assets carried at up-to-date fair value at the reporting date are not subject to impairment testing.

Non-current assets carried at cost or fair value and held to generate net cash inflows have been tested for their recoverable amounts at the reporting date. The test compared the carrying amounts against the net present value of future net cash inflows. No write-down to recoverable amount was required (2004: nil).

The non-current assets carried at cost or fair value, which are not held to generate net cash inflows, have been assessed for indications of impairment. Where indications of impairment exist, the carrying amount of the asset is written down to the higher of its net selling price and, if the entity would replace the asset's service potential, its depreciated replacement cost.

**1.15 Inventories**

Inventories held for resale are valued at the lower of cost and net realisable value.

Inventories not held for resale are valued at cost, unless they are no longer required, in which case they are valued at net realisable value.

Costs incurred in bringing each item of inventory to its present location and condition are assigned as follows:

- raw materials and stores - purchase cost on an average basis;
- and
- finished goods and work in progress - direct costs plus attributable costs that are capable of being allocated on a reasonable basis.

**1.16 Intangibles**

The Museum's intangibles comprise purchased software. These assets are carried at cost.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Museum's software is 4 to 8 years (2003-04: 3 to 8 years).

All software assets were assessed for impairment as at 30 June 2005. None were found to be impaired.

**1.17 Taxation**

The Museum is exempt from all forms of taxation except fringe benefits tax and the goods and services tax (GST).

Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

**1.18 Foreign Currency**

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date. Associated currency gains and losses are not material.

**1.19 Insurance**

The Museum has insured for risks through the Government's insurable risk managed fund, called 'Comcover'. Workers compensation is insured through Comcare Australia.

## 2. Adoption of Australian Equivalents to International Financial Reporting Standards from 2005-2006.

The Australian Accounting Standards Board has issued replacement Australian Accounting Standards to apply from 2005-06. The new standards are the Australian Equivalents to International Financial Reporting Standards (AEIFRSs) which are issued by the International Accounting Standards Board. The new standards cannot be adopted early. The standards being replaced are to be withdrawn with effect from 2005-06, but continue to apply in the meantime.

The purpose of issuing Australian Equivalents to IFRSs is to enable Australian entities reporting under the Corporations Act 2001 to be able to more readily access overseas capital markets by preparing their financial reports according to accounting standards more widely used overseas.

The Australian Equivalents contain certain additional provisions that will apply to not-for-profit entities, including the Museum. Some of these provisions are in conflict with the IFRSs, therefore the Museum will only be able to assert compliance with the Australian Equivalents to the IFRSs.

Existing AASB standards that have no IFRS equivalent will continue to apply.

Accounting standard AASB 1047 *Disclosing the Impact of Adopting Australian Equivalents to IFRSs* requires that the financial report for 2004-05 disclose:

- an explanation of how the transition to the Australian Equivalents is being managed;
- narrative explanations of the key differences arising from the adoption of AEIFRS;
- any known or reliably estimable information about the impacts on the financial report had it been prepared using the Australian equivalents to IFRS; and
- if the impacts of the above are not known or reliably estimable, a statement to that effect.

The purpose of this Note is to make these disclosures.

### *Management of the transition to AEIFRS*

The Museum has taken the following steps in preparation towards the implementation of AEIFRS:

- The Museum's Audit Committee is tasked with oversight of the transition to and implementation of AEIFRS. The Chief Finance Officer is formally responsible for the transition and reports regularly to the Audit Committee on progress.
- Consultants were engaged by the Museum to assess and provide recommendations on the impact of the changes. The Museum has implemented all recommendations from this report.
- The following key steps have been undertaken:
  - All major accounting policy differences between current AASB standards and AEIFRS were identified by 30 June 2004.
  - No system changes were found to be necessary to report under AEIFRS.
  - A transitional balance sheet as at 1 July 2004 under AEIFRS was completed;
  - An AEIFRS compliant balance sheet was also prepared during the preparation of the 2004-05 statutory financial reports; and
  - The Museum believes it can meet reporting deadlines set by the Department of Finance and Administration for 2005-06.

### *Major changes in accounting policy*

Changes in accounting policies under Australian Equivalents are applied retrospectively i.e. as if the new policy had always applied. This rule means that an AEIFRS compliant balance sheet had to be prepared as at 1 July 2004, except as permitted in particular circumstances by AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. This will enable the 2005-06 financial statements to report comparatives under AEIFRS.

Changes to major accounting policies are discussed in the following paragraphs.

Management's review of the quantitative impacts of AEIFRS represents the best estimate of the impacts of the changes as at 30 June 2005. The actual effects of the impacts of AEIFRS may differ from these estimates due to:

- continuing review of the impacts of AEIFRS on the Museum's operations;
- potential amendments to the AEIFRS and AEIFRS Interpretations; and
- emerging interpretation as to the accepted practice in the application of AEIFRS and the AEIFRS Interpretations.



*Property, plant and equipment*

It is expected that the 2005-06 Finance Minister's Orders will continue to require property, plant and equipment assets to be valued at fair value in 2005-06.

*Intangible Assets*

The Australian Equivalent on Intangibles does not permit intangibles to be measured at valuation unless there is an active market for the intangible. All intangible assets are measured at cost, as such this change will have no effect on the Museum.

*Impairment of Non-Current Assets*

The Museum's policy on impairment of non-current assets is at note 1.14.

Under AEIFRS these assets will be subject to annual assessment for impairment and, if there are any indications of impairment, measurement of any impairment (impairment measurement must also be done, irrespective of any indications of impairment, for intangible assets not yet available for use). The impairment test is that the carrying amount of an asset must not exceed the greater of (a) its fair value less costs to sell and (b) its value in use. 'Value in use' is the net present value of net cash inflows for for-profit assets of the Museum and depreciated replacement cost for other assets that would be replaced if the Museum were deprived of them.

The most significant changes are that, for the Museum's for-profit assets, the recoverable amount is only generally to be measured where there is an indication of impairment. Previously all assets' recoverable amount was tested.

An impairment assessment of the Museum's non-current assets indicates that no adjustments are required.

*Employee Benefits*

The provision for long service leave is measured at the present value of estimated future cash outflows using market yields as at the reporting date on national government bonds.

The 2003-04 financial reports noted that AEIFRS may require the market yield on corporate bonds to be used. The AASB has decided that a deep market in high quality corporate bonds does not exist and therefore national government bonds will be referenced.

AEIFRS also require that annual leave that is not expected to be taken within 12 months of balance date is to be discounted. After assessing the staff leave profile, the Museum does not expect that any material amounts of the annual leave balance will not be taken in the next 12 months. Consequently, there will be no material impact on the Museum.

**Reconciliation of Impacts - AGAAP to AEIFRS**

<i>Reconciliation of the National Museum of Australia Non-Financial Assets</i>	<i>\$'000</i>
Non-financial assets under AGAAP	243,735
Adjustments to non-financial assets	14,013
<b>Total non-financial assets under AEIFRS</b>	<b>257,748</b>
 <i>Reconciliation of the National Museum of Australia Equity</i>	
Total equity under AGAAP	270,521
Adjustments to Asset Revaluation Reserve	14,013
<b>Total Equity under AEIFRS</b>	<b>284,534</b>

**3. Economic Dependency**

The National Museum of Australia was established by section 4 of the *National Museum of Australia Act 1980* and is controlled by the Commonwealth of Australia.

The Museum is dependent on appropriations from the Parliament of the Commonwealth for its continued existence and ability to carry out its normal activities.

**4. Events Occurring after Reporting Date**

There are no events occurring after balance date that will materially affect the financial statements.

**NATIONAL MUSEUM OF AUSTRALIA**  
**Notes To and Forming Part of the Financial Statements**

	2005 \$'000	2004 \$'000
<b>Note 5: Operating Revenues</b>		
<u>Note 5A: Revenues from Government</u>		
Appropriations for outputs	40,132	40,320
<b>Total revenues from government</b>	<b>40,132</b>	<b>40,320</b>
<u>Note 5B: Sale of Goods and Services</u>		
Goods	1,007	1,089
Services	1,148	1,859
<b>Total sales of goods and services</b>	<b>2,155</b>	<b>2,948</b>
Provision of goods to:		
Related entities	-	-
External entities	1,007	1,089
<b>Total sales of goods</b>	<b>1,007</b>	<b>1,089</b>
Rendering of services to:		
Related entities	-	-
External entities	1,148	1,859
<b>Total rendering of services</b>	<b>1,148</b>	<b>1,859</b>
Cost of sales of goods	524	600
<u>Note 5C: Interest Revenue</u>		
Deposits	2,108	1,835
<u>Note 5D: Contributions Revenue</u>		
Donations and bequests	80	21
Donated assets	169	63
<b>Total contributions revenue</b>	<b>249</b>	<b>84</b>
<u>Note 5E: Other Revenues</u>		
Sponsorship and Grants Revenue	527	622
<b>Note 6: Operating Expenses</b>		
<u>Note 6A: Employee Expenses</u>		
Wages and Salaries	12,263	11,759
Superannuation	1,546	1,453
Leave and other entitlements	605	311
Separation and redundancy	-	103
Other employee benefits	593	526
<b>Total employee benefits expenses</b>	<b>15,006</b>	<b>14,152</b>
Workers compensation premiums	184	154
<b>Total employee expenses</b>	<b>15,190</b>	<b>14,306</b>

**NATIONAL MUSEUM OF AUSTRALIA**  
**Notes To and Forming Part of the Financial Statements**

	2005	2004
	\$'000	\$'000

Note 6B: Supplier Expenses

Goods from related entities	-	-
Goods from external entities	10,238	13,811
Services from related entities	1,771	1,900
Services from external entities	5,016	4,919
Operating lease rentals	1,428	1,817
<b>Total supplier expenses</b>	<b>18,453</b>	<b>22,447</b>

Note 6C: Grant Expense

The Museum makes grants to support research in Australian history and cultures.

Grants to external entities	109	116
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Note 6D: Depreciation and Amortisation

Depreciation of property, plant and equipment	6,142	6,484
Amortisation of intangibles	875	1,353
<b>Total depreciation and amortisation</b>	<b>7,017</b>	<b>7,837</b>

The aggregate amounts of depreciation or amortisation expensed during the reporting period for each class of depreciable asset are as follows:

Buildings on freehold land	734	640
Leasehold improvements	67	49
Infrastructure, plant and equipment	4,698	5,160
Collections	643	635
Intangibles	875	1,353
<b>Total depreciation and amortisation</b>	<b>7,017</b>	<b>7,837</b>

Note 6E: Write-Down and Impairment of Assets

Bad and doubtful debts expense	1	53
Inventory Write-Off	284	260
<b>Total write-down of assets</b>	<b>285</b>	<b>313</b>

Note 6F Net Loss from Sale of Assets

Proceeds from disposal	5	10
Net book value of assets sold	(76)	(15)
<b>Net loss from disposal of assets</b>	<b>(71)</b>	<b>(5)</b>

**Note 7: Borrowing Costs Expense**

Loans	14	20
-------	----	----

**NATIONAL MUSEUM OF AUSTRALIA**  
**Notes To and Forming Part of the Financial Statements**

	2005	2004
	\$'000	\$'000

**Note 8: Financial Assets**

Note 8A: Receivables

Goods and services	182	281
Less: Provision for doubtful debts	<u>(1)</u>	<u>(58)</u>
	181	223
Interest Receivable	636	229
GST receivable	<u>657</u>	<u>431</u>
<b>Total receivables (net)</b>	<b><u>1,474</u></b>	<b><u>883</u></b>

All receivables are current assets.

Receivables (gross) are aged as follows:

Not overdue	<u>1,293</u>	<u>801</u>
Overdue by:		
Less than 30 days	129	18
30 to 60 days	23	40
60 to 90 days	2	6
More than 90 days	<u>28</u>	<u>76</u>
	182	140
<b>Total receivables (gross)</b>	<b><u>1,475</u></b>	<b><u>941</u></b>

The provision for doubtful debts is aged as follows:

Not overdue	-	-
Overdue by:		
Less than 30 days	-	-
30 to 60 days	-	-
60 to 90 days	-	-
More than 90 days	<u>1</u>	<u>58</u>
<b>Total provision for doubtful debts</b>	<b><u>1</u></b>	<b><u>58</u></b>

*Receivables for Goods and Services*

Credit terms are net 30 days (2003-04: 30 days).

Note 8B: Investments (section 18 CAC Act)

Term Deposits	30,695	12,639
Negotiable Certificates of Deposit	<u>5,277</u>	<u>14,095</u>
<b>Total investments</b>	<b><u>35,972</u></b>	<b><u>26,734</u></b>

Investments are with the Museum's bankers, and earn effective rates of interest of 5.91%, 5.90%, 5.70%, 5.92%, 5.73% 5.80%, 5.83%, 5.67%, 5.69% and 5.62% (2003-04: 5.58%, 5.59%, 5.60%, 5.61%, 5.62%, 5.66%, 5.57%, 5.48% and 5.44%) payable at the end of the term.

**NATIONAL MUSEUM OF AUSTRALIA**  
**Notes To and Forming Part of the Financial Statements**

	2005 \$'000	2004 \$'000
<b>Note 9: Non-Financial Assets</b>		
<u>Note 9A: Land and Buildings</u>		
<b>Freehold land</b>		
- at fair value	4,400	4,400
<b>Total freehold land</b>	<u>4,400</u>	<u>4,400</u>
<b>Buildings on freehold land</b>		
- at fair value	75,501	63,949
- Accumulated depreciation	-	(2,123)
<b>Total buildings on freehold land</b>	<u>75,501</u>	<u>61,826</u>
<b>Leaschold improvements</b>		
- at fair value	1,054	938
- Accumulated amortisation	(67)	(86)
<b>Total leasehold improvements</b>	<u>987</u>	<u>852</u>
<b>Total Land and Buildings (non-current)</b>	<u>80,888</u>	<u>67,078</u>
<u>Note 9B: Infrastructure, Plant and Equipment</u>		
<b>Plant and equipment</b>		
- at fair value	45,038	56,702
- Accumulated depreciation	(4,575)	(17,419)
<b>Total Infrastructure, Plant and Equipment (non-current)</b>	<u>40,463</u>	<u>39,283</u>
<u>Note 9C: Collections</u>		
<b>Collections</b>		
- at fair value	135,251	133,152
- Accumulated depreciation	(1,589)	(946)
<b>Total Collections (non-current)</b>	<u>133,662</u>	<u>132,206</u>

Assets, excluding Collections assets, acquired prior to 1 July 2004 were revalued to fair value by independent valuers Rodney Hyman Asset Services Pty Ltd and Jones Lang LaSalle as at 1 July 2004.

Building assets were revalued as at 30 June 2005 on advice from Jones Lang LaSalle, based on an industry index. Other assets acquired during 2004-05 were assessed as at 30 June 2005 to be at fair value.

The Collections were revalued to fair value by an independent valuer, Mr Simon Storey (Simon Storey Valuers) as at 31 March 2003. Collections assets acquired since that date are deemed to be at fair value.

A Deed of Gift for the Springfield Collection was signed on 29 June 2005. As at 30 June 2005 the valuation of the Collection was not complete, thus it is not possible to establish a reliable value and it has not been brought to account as an asset and revenue this financial year. However, the estimated value of the Collection is \$700,000.

NATIONAL MUSEUM OF AUSTRALIA  
Notes To and Forming Part of the Financial Statements

Note 9D: Analysis of Property, Plant and Equipment

TABLE A: Reconciliation of the opening and closing balances of property, plant and equipment

Item	Land \$'000	Buildings on Freehold Land \$'000	Buildings - Leasehold Improvements \$'000	Other Infrastructure, Plant & Equipment \$'000	Collections \$'000
As at 1 July 2004					
Gross book value	4,400	63,949	938	56,702	133,152
Accumulated depreciation/amortisation	n/a	(2,123)	(86)	(17,419)	(946)
Opening Net Book Value	4,400	61,826	852	39,283	132,206
Additions					
By purchase		19	194	1,539	2,099
Revaluation					
Gross revaluation increment/(decrement)		11,533	(78)	(13,004)	
Accumulated depreciation/amortisation		2,857	86	17,419	
Depreciation/amortisation expense		(734)	(67)	(4,698)	(643)
Disposals					
From disposal of operations					
Other disposals				(199)	
Gross book value				123	
Accumulated depreciation/amortisation					
As at 30 June 2005					
Gross book value	4,400	75,501	1,054	45,038	135,251
Accumulated depreciation/amortisation	n/a	0	(67)	(4,575)	(1,589)
Closing Net Book Value	4,400	75,501	987	40,463	133,662

TABLE B: Assets at valuation

Item	Land \$'000	Buildings on Freehold Land \$'000	Buildings - Leasehold Improvements \$'000	Other Infrastructure, Plant & Equipment \$'000	Collections \$'000
As at 30 June 2005					
Gross value	4,400	75,501	1,054	45,038	135,251
Accumulated Depreciation/Amortisation	n/a	0	(67)	(4,575)	(1,589)
Closing Net Book Value	4,400	75,501	987	40,463	133,662
As at 30 June 2004					
Gross value	4,400	63,530	60	53,339	132,352
Accumulated Amortisation	n/a	(2,120)	(29)	(16,843)	(942)
Closing Net Book Value	4,400	61,410	31	36,496	131,410

There are no assets held under finance lease.

NATIONAL MUSEUM OF AUSTRALIA  
Notes To and Forming Part of the Financial Statements

TABLE C: Assets under construction

Item	Buildings on Freehold Land \$'000	Buildings - Leasehold Improvements \$'000	Other Infrastructure, Plant & Equipment \$'000	Collections \$'000	Intangibles \$'000	TOTAL \$'000
Gross Value as at 30 June 2005	-	-	-	-	-	-
Gross Value as at 30 June 2004	-	-	-	-	-	-



**NATIONAL MUSEUM OF AUSTRALIA**  
**Notes To and Forming Part of the Financial Statements**

	2005	2004
	\$'000	\$'000
Note 9E: Intangibles		
Purchased software	8,023	7,629
Accumulated amortisation	(5,681)	(4,806)
<b>Total intangibles</b>	<b>2,342</b>	<b>2,823</b>

**TABLE A: Reconciliation of the opening and closing balances of intangibles**

Item	Computer Software
	\$
<b>As at 1 July 2004</b>	
Gross book value	7,629
Accumulated depreciation/amortisation	(4,806)
<b>Net book value</b>	<b>2,823</b>
<b>Additions</b>	
by purchase of assets	394
<b>Net revaluations increment/(decrement)</b>	
Depreciation/amortisation expense	(875)
<b>Disposals</b>	
from disposal of operations	
other disposals	
<b>As at 30 June 2005</b>	
Gross book value	8,023
Accumulated depreciation/amortisation	(5,681)
<b>Net book value</b>	<b>2,342</b>

**NATIONAL MUSEUM OF AUSTRALIA**

**Notes To and Forming Part of the Financial Statements**

	2005	2004
	\$'000	\$'000

Note 9F: Inventories

Inventories work in progress	80	-
Inventories held for sale	401	534
<b>Total inventories</b>	<b>481</b>	<b>534</b>

All inventories are current assets.

Note 9G: Other Non-Financial Assets

Prepayments	363	275
Deferred expenditure - assets work in progress	475	267
Prepaid property rentals	1,119	1,269
<b>Total other non-financial assets</b>	<b>1,957</b>	<b>1,811</b>

**Note 10: Interest Bearing Liabilities**

Note 10A: Loans

Non-bank loans	-	460
Maturity schedule for loans:		
Payable:		
Within one year	-	227
In one to five years	-	233
<b>Total loans</b>	<b>-</b>	<b>460</b>

*Non-bank Loan*

This loan was paid out during 2004-05. The effective interest rate was 3.0% (2003-04 3.0%).

**Note 11: Provisions**

Note 11A: Employees Provisions

Salaries and wages	59	473
Leave	3,308	2,703
Superannuation	7	60
<b>Aggregate employee entitlement liability</b>	<b>3,374</b>	<b>3,236</b>
Current	1,380	1,884
Non-current	1,994	1,352

**Note 12: Payables**

Note 12A: Supplier Payables

Trade creditors	282	326
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All supplier payables are current.

*Trade Creditors*

Settlement is usually made net 30 days.

**NATIONAL MUSEUM OF AUSTRALIA**  
**Notes To and Forming Part of the Financial Statements**

	<b>2005</b>	2004
	<b>\$'000</b>	\$'000
<u>Note 12B: Other Payables</u>		
Deferred income - prepaid exhibition fees	-	79
Other Payables	<u>3</u>	<u>-</u>
<b>Total other payables</b>	<b><u>3</u></b>	<b><u>79</u></b>

All other payables are current.

NATIONAL MUSEUM OF AUSTRALIA  
Notes To and Forming Part of the Financial Statements

**Note 13: Equity**

Note 13A: Analysis of Equity

Item	Accumulated Results		Asset Revaluation Reserve		Total Contributed Equity		TOTAL EQUITY	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Opening balance as at 1 July	259,996	259,231	8,504	8,504	2,021	1,971	270,521	269,706
Net surplus/deficit	4,032	765	-	-	-	-	4,032	765
Net revaluation increment/(decrement)	n/a	n/a	18,814	-	n/a	n/a	18,814	-
<b>Transactions with owner:</b>								
Distributions to owner:								
Returns on Capital:								
Dividends	-	-	-	-	-	-	-	-
Returns of Capital:								
Restructuring	-	-	-	-	-	-	-	-
Returns of contributed equity	-	-	-	-	-	-	-	-
Contributions by owner:								
Appropriations (equity injections)	-	-	-	-	1,000	50	1,000	50
Restructuring	-	-	-	-	-	-	-	-
Transfers to/(from)/between reserve:								
<b>Closing balance as at 30 June</b>	<b>264,028</b>	<b>259,996</b>	<b>27,318</b>	<b>8,504</b>	<b>3,021</b>	<b>2,021</b>	<b>294,367</b>	<b>270,521</b>
Less: outside equity interests	-	-	-	-	-	-	-	-
<b>Total equity attributable to the Australian Government</b>	<b>264,028</b>	<b>259,996</b>	<b>27,318</b>	<b>8,504</b>	<b>3,021</b>	<b>2,021</b>	<b>294,367</b>	<b>270,521</b>

**NATIONAL MUSEUM OF AUSTRALIA**  
**Notes To and Forming Part of the Financial Statements**

	2005	2004
	\$'000	\$'000

**Note 14: Cash Flow Reconciliation**

Note 14A: Reconciliation of Operating Surplus to Net Cash from Operating Activities:

**Reconciliation of operating surplus to net cash from operating activities:**

Operating surplus before extraordinary items	4,032	765
<i>Non-Cash Items</i>		
Depreciation and amortisation	7,017	7,837
Net loss from disposal of assets	71	-
Net write down of assets	285	380
Collections - gifts and donations	(169)	(63)
Non-cash proceeds from investments	(1,026)	(1,305)
<i>Changes in Assets and Liabilities</i>		
(Increase)/decrease in receivables	(591)	(3)
(Increase)/decrease in inventories	(231)	101
(Increase)/decrease in other non-financial assets	(145)	(1,261)
Increase/(decrease) in employee provisions	138	179
Increase/(decrease) in supplier payables	(44)	(238)
Increase/(decrease) in other payables	(76)	79
<b>Net cash from/(used by) by operating activities</b>	<b>9,261</b>	<b>6,471</b>

Note 14B: Reconciliation of Cash

Cash balance comprises:

Cash at bank	763	3,246
Cash on hand	24	24
<b>Total cash</b>	<b>787</b>	<b>3,270</b>
Balance of cash as at 30 June shown in the Statement of Cash Flows	<b>787</b>	<b>3,270</b>

*Cash*

Temporarily surplus funds, mainly from fortnightly drawdowns of appropriations, are placed on deposit at call with the Museum's banker. Interest is earned on the daily balance at the prevailing daily rate for money on call and is paid at month end.

**NATIONAL MUSEUM OF AUSTRALIA**  
**Notes To and Forming Part of the Financial Statements**

	<u>2005</u>	<u>2004</u>
<b>Note 15: Remuneration of Council Members</b>		
The number of council members of the Museum included in these figures are shown below in the relevant remuneration bands:		
\$ Nil - \$ 9999	1	7
\$ 10,000 - \$ 19,999	9	5
\$ 20,000 - \$ 29,999	1	1
<b>Total number of council members of the Museum</b>	<u>11</u>	<u>13</u>
	<u>\$'000</u>	<u>\$'000</u>
Aggregate amount of superannuation payments in connection with the retirement of council members	-	-
Other remuneration received or due and receivable by council members of the Museum	<u>140</u>	<u>120</u>
<b>Total remuneration received or due and receivable by council members of the Museum</b>	<u>140</u>	<u>120</u>

The remuneration of Council members includes all members concerned with or taking part in the management of the Museum during 2004-05, except the Director. Details in relation to the Director have been incorporated into Note 17: Officer Remuneration.

**NATIONAL MUSEUM OF AUSTRALIA**  
**Notes To and Forming Part of the Financial Statements**

**Note 16: Related Party Disclosures**

**Council Members of the Museum**

The names of each person who has been a member of the Council during the year were:  
(duration of appointment in brackets):

**Chairman**

The Hon. A Staley (22 September 2002 - 21 September 2005)

**Members**

Mr D Barnett - (22 April 2005 to 21 April 2008)  
Mr C Pearson - (9 August 2002 to 8 August 2005)  
Ms C Santamaria - (8 August 2002 to 7 August 2005)  
Mr B Chow - (15 May 2003 - 14 May 2006)  
Dr J Fleming - (27 August 2003 - 26 August 2006)  
Dr J Hirst - (27 August 2003 - 26 August 2006)  
Dr T Duncan - (20 November 2003 - 19 November 2006)  
Ms S Hasluck - (19 February 2004 - 18 February 2007)  
Ms M Gibney - (24 June 2004 - 23 June 2007)

**Executive Member**

Mr Craddock Morton - (24 June 2004 to 23 June 2007)

**Outgoing Members in 2004-05**

Mr J Thame - (26 July 2001 to 25 July 2004)

**Transactions with Council Members or their related entities**

The aggregate remuneration of council members is disclosed in Note 15. The Museum is not aware of council member related party transactions occurring during the year which would be required to be disclosed.

**Loan from related entities**

A loan was made during 2000-2001 by the Department of Communication, Information Technology and the Arts under agreed terms and conditions to the Museum for the acquisition of catering equipment and fitout. This loan was paid out during 2004-05.

**Note 17: Remuneration of Officers**

The number of officers who received or were due to receive total remuneration of \$100,000 or more:

	<b>2005</b>	<b>2004</b>
	<b><u>Number</u></b>	<b><u>Number</u></b>
\$100,000 - \$109,999	-	1
\$110,000 - \$119,000	-	1
\$120,000 - \$129,999	-	-
\$130,000 - \$139,999	-	-
\$140,000 - \$149,999	-	2
\$150,000 - \$159,999	-	-
\$160,000 - \$169,999	3	-
\$170,000 - \$179,999	-	1
\$180,000 - \$189,999	-	-
\$190,000 - \$199,999	-	-
\$200,000 - \$209,999	-	-
\$210,000 - \$219,999	-	-
\$220,000 - \$229,999	-	-
\$230,000 - \$239,999	-	-
\$270,000 - \$279,000	1	-
	<u>4</u>	<u>5</u>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
	<b><u>774</u></b>	<b><u>680</u></b>

The aggregate amount of total remuneration of officers shown above:

No separation or redundancy payments were made to officers shown above during the year.

The officer remuneration includes all officers concerned with or taking part in the management of the Museum during 2004-05.

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	<b>2005</b>	2004
	<b>\$'000</b>	\$'000

**Note 18: Remuneration of Auditors**

Remuneration to the Auditor-General for auditing the financial statements for the reporting period.

The fair value of services provided was:	<u><b>44</b></u>	<u>40</u>
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No other services were provided by the Auditor-General during the reporting period.

**Note 19: Average Staffing Levels**

	<b>2005</b>	2004
The average staffing levels for the Museum during the year were:	<u><b>213</b></u>	<u>205</u>



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Note 20: Financial Instruments

Note 20A: Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate						Non-Interest Bearing		Total		Weighted Average Effective Interest Rate	
		2005 \$'000	2004 \$'000	1 to 5 Years		> 5 Years		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 %	2004 %
				2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000								
<b>Financial Assets</b>															
Cash at bank	14B	763	3,246	-	-	-	-	-	-	24	-	-	763	3,246	4.53%
Cash on hand	14B	-	-	-	-	-	-	-	-	24	-	-	24	24	n/a
Receivables for goods and services (gross)	8A	-	-	-	-	-	-	-	-	182	281	281	182	281	n/a
Interest receivable	8A	-	-	-	-	-	-	-	-	636	229	229	636	229	n/a
Investments	8B	-	-	35,972	26,734	-	-	-	-	-	-	-	35,972	26,734	5.59%
<b>Total</b>		<b>763</b>	<b>3,246</b>	<b>35,972</b>	<b>26,734</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>842</b>	<b>534</b>	<b>534</b>	<b>37,577</b>	<b>30,514</b>	<b>5.27%</b>
<b>Total Assets</b>													<b>298,026</b>	<b>274,622</b>	
<b>Financial Liabilities</b>															
Non-bank loan	10A	-	-	-	233	-	-	-	-	-	-	-	-	460	3.00%
Trade creditors	12A	-	-	-	-	-	-	-	-	282	326	326	282	326	n/a
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>233</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>282</b>	<b>326</b>	<b>326</b>	<b>282</b>	<b>786</b>	<b>n/a</b>
<b>Total Liabilities</b>													<b>3,659</b>	<b>4,101</b>	

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Note 20B: Net Fair Values of Financial Assets and Liabilities

	Note	2005		2004	
		Total Carrying Amount	Aggregate Net Fair Value	Total Carrying Amount	Aggregate Net Fair Value
		\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>					
Cash at Bank	14B	763	763	3,246	3,246
Cash on hand	14B	24	24	24	24
Receivables for goods and services (net)	8A	181	181	223	223
Interest receivable	8A	636	636	229	229
Investments	8B	35,972	35,972	26,734	26,734
		<u>37,576</u>	<u>37,576</u>	<u>30,456</u>	<u>30,456</u>
<b>Financial Liabilities</b>					
Loans	10A	-	-	460	440
Trade Creditors	12A	282	282	326	326
		<u>282</u>	<u>282</u>	<u>786</u>	<u>766</u>

*Financial Assets*

The net fair values of cash, deposits on call and receivables approximate their carrying amounts.

The net fair value of the term deposit is based on discounted cash flows using current interest rates for assets with similar risk profiles.

None of the classes of financial assets are readily traded on organised markets in standardised form.

*Financial Liabilities*

The net fair values for trade creditors, which are short-term in nature, are approximated by their carrying amounts.

None of the classes of financial liabilities are readily traded on organised markets in standardised form.

Note 20C: Credit Risk Exposures

The Museum's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position.

The Museum has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

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Note 21: Appropriations

Particulars	Departmental Outputs		Loans		Equity		Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<b>Year ended 30 June</b>								
Balance carried forward from previous year	-	-	-	-	-	-	-	-
Appropriation Acts 1 and 3	40,132	40,320	-	-	-	-	40,132	40,320
Appropriation Acts 2 and 4	-	-	-	-	1,000	50	1,000	50
Available for payment from CRF	40,132	40,320	-	-	1,000	50	41,132	40,370
Payments made out of CRF	40,132	40,320	-	-	1,000	50	41,132	40,370
<b>Balance carried forward to next year</b>	-	-	-	-	-	-	-	-
Represented by: Appropriations Receivable	-	-	-	-	-	-	-	-

This table reports on appropriations made by the Parliament of the Consolidated Reserve Fund (CRF) for payment to the Museum. When received by the Museum, the payments made are legally the money of the Museum and do not represent any balance remaining in the CRF.

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	2005	2004
	\$'000	\$'000

**Note 22: Assets Held in Trust**

Purpose - the trust fund, set up under section 7 of the *National Museum of Australia Act 1980*, is for the receipt of monies or other property vested in the Museum on trust. Monies are applied in accordance with conditions, where specified, which mainly relate to the development of the National Historical Collection. These monies are not available for other purposes of the Museum and are not recognised in the financial statements. Monies held were transferred to the Museum operating account to fund NHC purchases, consistent with the original donor's wishes.

Balance carried forward from previous year	68	65
Receipts during the year	-	-
Interest received	1	3
Available for payments	69	68
Payments made	(69)	-
<b>Balance carried forward to next year</b>	<b>0</b>	<b>68</b>

**Note 23: Assets Held in the National Museum of Australia Fund**

Purpose - the Fund, set up under section 34 of the *National Museum of Australia Act 1980*, is for the receipt of gifts and bequests (otherwise than on trust) of monies, or monies received from the disposal of property given, devised, bequeathed or assigned to the Museum. These monies are recognised in the financial statements.

Balance carried forward from previous year	35	13
Receipts during the year	10	21
Interest received	-	1
Available for payments	45	35
Payments made	(35)	-
<b>Balance carried forward to next year</b>	<b>10</b>	<b>35</b>

**Note 24: Reporting of Outcomes**

**Note 24A: Outcomes of the NMA**

The Museum is structured to meet a single outcome, being: Australians have access to the National Museum's collections and public programs to encourage awareness and understanding of Australia's history and culture.

Two outputs are identified for the Outcome, comprising:  
 Output 1.1: Collection development and Management  
 Output 1.2: National Exhibitions, Programs and Services

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Note 24B: Net Cost of Outcome Delivery

	Outcome 1		Total
	2005 \$'000	2004 \$'000	
Administered expenses	-	-	-
Departmental expenses	41,144	45,054	41,144
<b>Total expenses</b>	<b>41,144</b>	<b>45,054</b>	<b>41,144</b>
<i>Costs recovered from provision of goods and services to the non-government sector</i>			
Administered	-	-	-
Departmental	2,155	2,948	2,155
<b>Total costs recovered</b>	<b>2,155</b>	<b>2,948</b>	<b>2,155</b>
<i>Other external revenues</i>			
Departmental			
Sale of goods and services - to related entities	-	-	-
Interest	2,108	1,835	2,108
Donation and bequests	249	84	249
Revenue from sale of assets	5	10	5
Industry contributions	-	-	-
Net foreign exchange gains	-	-	-
Other	527	622	527
Total Departmental	2,889	2,551	2,889
<b>Total other external revenues</b>	<b>2,889</b>	<b>2,551</b>	<b>2,889</b>
<b>Net cost/(contribution) of outcome</b>	<b>36,100</b>	<b>39,555</b>	<b>36,100</b>
			39,555

The National Museum of Australia utilises cost drivers to determine the attribution of its shared items. This system is based on surveys of corporate activities and by use of actual costs and staff numbers where appropriate.

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Note 24C.: Departmental Revenues and Expenses by Output Groups and Outputs

	Outcome 1				Total
	Output 1.1: Collection Development and Management		Output 1.2: National Exhibitions, Programs and Services		
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	
<b>Operating expenses</b>					
Employees	2,509	2,089	12,681	12,217	15,190
Suppliers	2,958	3,411	15,495	19,036	18,453
Grants		-	109	116	109
Borrowing cost expense		-	14	20	14
Value of assets disposed		-	76	15	76
Depreciation and amortisation	965	635	6,052	7,202	7,017
Write-down of assets		-	285	312	285
<b>Total operating expenses</b>	<b>6,432</b>	<b>6,135</b>	<b>34,712</b>	<b>38,919</b>	<b>41,144</b>
<b>Funded by:</b>					
Revenues from Government	6,274	5,490	33,858	34,830	40,132
Sale of goods and services		-	2,155	2,948	2,155
Donations and Sponsorship	169	64	437	394	606
Revenue from Sale of Assets		-	5	10	5
Interest	330	587	1,778	1,248	2,108
Other non-taxation revenues	-	-	170	248	170
<b>Total operating revenues</b>	<b>6,773</b>	<b>6,141</b>	<b>38,403</b>	<b>39,678</b>	<b>45,176</b>
					45,819

The Museum's outcomes and outputs are described at Note 24A.